

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: TANABE ENGINEERING CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 1828 URL <https://www.tanabe-ind.co.jp/>
 Representative: President and Representative Director Yoshio Watanuki
 Director, Senior Executive officer and
 Inquiries: General Manager of Yuichi Gommori TEL 025-545-6500
 Corporate Administration Division
 Scheduled date of ordinary general meeting of shareholders: June 28, 2022
 Scheduled date to file Securities Report: June 29, 2022
 Scheduled date to commence dividend payments: June 29, 2022
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	42,526	11.5	2,814	6.1	2,898	5.7	1,872	6.8
Year ended March 31, 2021	38,123	1.1	2,653	1.1	2,742	2.1	1,754	(6.7)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	175.02	–	10.1	8.5	6.6
Year ended March 31, 2021	163.92	–	10.3	8.6	7.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	35,093	19,367	55.2	1,809.92
As of March 31, 2021	33,307	17,816	53.5	1,664.94

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	3,051	(1,351)	(1,186)	5,124
Year ended March 31, 2021	1,632	(1,133)	367	4,525

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	0.00	–	30.00	30.00	321	18.3	1.9
Year ended March 31, 2022	–	0.00	–	33.00	33.00	353	18.9	1.9
Year ending March 31, 2023 (Forecast)	–	0.00	–	33.00	33.00		20.8	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	43,000	1.1	2,500	(11.2)	2,600	(10.3)	1,700	(9.2)	158.86

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	10,728,000 shares	As of March 31, 2021	10,728,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	27,084 shares	As of March 31, 2021	27,084 shares
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Average number of shares during the period

Year ended March 31, 2022	10,700,916 shares	Year ended March 31, 2021	10,700,916 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	4,525,013	5,124,250
Notes receivable, accounts receivable from completed construction contracts and other	16,902,899	19,361,816
Costs on construction contracts in progress	1,737,883	61,240
Other inventories	490,175	511,544
Other	228,874	212,506
Allowance for doubtful accounts	(1,672)	(1,882)
Total current assets	23,883,174	25,269,475
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,712,294	7,318,792
Machinery, vehicles, tools, furniture and fixtures	5,115,905	5,190,539
Land	3,143,837	3,143,599
Leased assets	358,902	361,671
Construction in progress	339,061	193,064
Accumulated depreciation	(7,636,796)	(8,011,106)
Total property, plant and equipment	8,033,204	8,196,561
Intangible assets	173,342	372,156
Investments and other assets		
Investment securities	422,715	423,477
Deferred tax assets	673,806	726,267
Other	121,210	106,044
Total investments and other assets	1,217,732	1,255,790
Total non-current assets	9,424,279	9,824,507
Total assets	33,307,454	35,093,983

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,475,744	8,486,076
Short-term borrowings	912,000	500,000
Lease liabilities	40,269	41,361
Accounts payable - other	1,428,171	1,558,172
Accrued expenses	480,375	687,789
Income taxes payable	602,265	537,370
Advances received on construction contracts in progress	821,656	614,340
Provision for warranties for completed construction	36,372	40,328
Provision for loss on construction contracts	5,600	22,150
Provision for bonuses	1,163,017	1,230,395
Provision for bonuses for directors (and other officers)	60,000	60,000
Other	185,412	63,232
Total current liabilities	13,210,884	13,841,217
Non-current liabilities		
Long-term borrowings	1,000,000	600,000
Lease liabilities	75,338	45,205
Long-term accounts payable - other	130,000	130,000
Retirement benefit liability	1,074,881	1,109,794
Total non-current liabilities	2,280,219	1,885,000
Total liabilities	15,491,104	15,726,217
Net assets		
Shareholders' equity		
Share capital	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	15,605,123	17,172,165
Treasury shares	(7,020)	(7,020)
Total shareholders' equity	17,958,742	19,525,784
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	107,387	60,413
Foreign currency translation adjustment	(36,323)	(15,680)
Remeasurements of defined benefit plans	(213,457)	(202,752)
Total accumulated other comprehensive income	(142,392)	(158,019)
Total net assets	17,816,349	19,367,765
Total liabilities and net assets	33,307,454	35,093,983

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales		
Net sales of completed construction contracts	38,123,091	42,526,149
Total net sales	38,123,091	42,526,149
Cost of sales		
Cost of sales of completed construction contracts	31,547,642	35,588,751
Total cost of sales	31,547,642	35,588,751
Gross profit		
Gross profit on completed construction contracts	6,575,448	6,937,398
Total gross profit	6,575,448	6,937,398
Selling, general and administrative expenses		
Employees' salaries and allowances	1,244,744	1,306,046
Provision for bonuses	427,392	440,931
Provision for bonuses for directors (and other officers)	60,000	60,000
Retirement benefit expenses	66,782	62,602
Depreciation	215,563	287,755
Enterprise tax	83,983	110,273
Other	1,823,876	1,855,579
Total selling, general and administrative expenses	3,922,342	4,123,188
Operating profit	2,653,106	2,814,210
Non-operating income		
Interest income	940	662
Dividend income	11,196	8,870
Rental income from land and buildings	40,897	43,648
dispatching fee	18,088	13,343
Foreign exchange gains	11,495	5,815
Other	39,987	50,100
Total non-operating income	122,605	122,441
Non-operating expenses		
Interest expenses	15,729	12,681
Loss on sale of receivables	5,150	4,561
Commitment fees	9,799	19,101
Other	2,075	2,122
Total non-operating expenses	32,755	38,467
Ordinary profit	2,742,956	2,898,184
Extraordinary income		
Gain on sale of non-current assets	6,000	471
Insurance claim income	–	26,641
Gain on sale of golf membership	–	1,818
Total extraordinary income	6,000	28,930

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Extraordinary losses		
Loss on sale of non-current assets	2,204	–
Loss on disposal of non-current assets	5,336	44,706
Impairment losses	58,329	86,863
Loss on sale of investment securities	38,378	–
Loss on valuation of golf club membership	–	1,499
Total extraordinary losses	104,248	133,070
Profit before income taxes	2,644,708	2,794,044
Income taxes - current	977,715	971,412
Income taxes - deferred	(87,075)	(50,236)
Total income taxes	890,640	921,175
Profit	1,754,067	1,872,869
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,754,067	1,872,869

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,754,067	1,872,869
Other comprehensive income		
Valuation difference on available-for-sale securities	100,303	(46,973)
Foreign currency translation adjustment	(109,631)	20,642
Remeasurements of defined benefit plans, net of tax	120,068	10,704
Total other comprehensive income	110,740	(15,626)
Comprehensive income	1,864,808	1,857,242
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,864,808	1,857,242
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	885,320	1,475,320	14,172,082	(7,020)	16,525,702
Cumulative effects of changes in accounting policies					
Restated balance	885,320	1,475,320	14,172,082	(7,020)	16,525,702
Changes during period					
Dividends of surplus			(321,027)		(321,027)
Profit attributable to owners of parent			1,754,067		1,754,067
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,433,040	–	1,433,040
Balance at end of period	885,320	1,475,320	15,605,123	(7,020)	17,958,742

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	7,083	73,308	(333,525)	(253,133)	16,272,568
Cumulative effects of changes in accounting policies					
Restated balance	7,083	73,308	(333,525)	(253,133)	16,272,568
Changes during period					
Dividends of surplus					(321,027)
Profit attributable to owners of parent					1,754,067
Net changes in items other than shareholders' equity	100,303	(109,631)	120,068	110,740	110,740
Total changes during period	100,303	(109,631)	120,068	110,740	1,543,781
Balance at end of period	107,387	(36,323)	(213,457)	(142,392)	17,816,349

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	885,320	1,475,320	15,605,123	(7,020)	17,958,742
Cumulative effects of changes in accounting policies			15,200		15,200
Restated balance	885,320	1,475,320	15,620,323	(7,020)	17,973,943
Changes during period					
Dividends of surplus			(321,027)		(321,027)
Profit attributable to owners of parent			1,872,869		1,872,869
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,551,841	–	1,551,841
Balance at end of period	885,320	1,475,320	17,172,165	(7,020)	19,525,784

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	107,387	(36,323)	(213,457)	(142,392)	17,816,349
Cumulative effects of changes in accounting policies					15,200
Restated balance	107,387	(36,323)	(213,457)	(142,392)	17,831,550
Changes during period					
Dividends of surplus					(321,027)
Profit attributable to owners of parent					1,872,869
Net changes in items other than shareholders' equity	(46,973)	20,642	10,704	(15,626)	(15,626)
Total changes during period	(46,973)	20,642	10,704	(15,626)	1,536,215
Balance at end of period	60,413	(15,680)	(202,752)	(158,019)	19,367,765

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,644,708	2,794,044
Depreciation	579,879	689,477
Impairment losses	58,329	86,863
Increase (decrease) in allowance for doubtful accounts	76	210
Increase (decrease) in provision for bonuses	89,125	67,378
Increase (decrease) in retirement benefit liability	(23,220)	(14,070)
Increase (decrease) in provision for warranties for completed construction	27	3,959
Increase (decrease) in provision for loss on construction contracts	5,600	16,550
Interest and dividend income	(12,136)	(9,533)
Interest expenses	15,729	12,681
Foreign exchange losses (gains)	(4,733)	5,000
Loss (gain) on sale of investment securities	38,378	(34)
Loss (gain) on sale of property, plant and equipment	(3,795)	(471)
Loss on retirement of property, plant and equipment	803	25,341
Decrease (increase) in trade receivables	(549,133)	(2,452,014)
Decrease (increase) in costs on construction contracts in progress	(550,389)	1,669,779
Decrease (increase) in inventories	(257,215)	(12,423)
Decrease (increase) in other current assets	(65,486)	16,679
Increase (decrease) in trade payables	259,119	917,739
Increase (decrease) in advances received on construction contracts in progress	(46,066)	(253,611)
Increase (decrease) in other current liabilities	121,309	329,200
Other, net	130,511	198,213
Subtotal	2,431,419	4,090,959
Interest and dividends received	12,136	9,533
Interest paid	(16,287)	(12,519)
Income taxes paid	(794,966)	(1,036,306)
Net cash provided by (used in) operating activities	1,632,302	3,051,666
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,423,694)	(1,213,312)
Proceeds from sale of property, plant and equipment	258,428	471
Purchase of intangible assets	(13,607)	(87,218)
Purchase of investment securities	(54,801)	(61,781)
Proceeds from sale of investment securities	88,754	464
Other, net	11,306	10,298
Net cash provided by (used in) investing activities	(1,133,614)	(1,351,077)

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	200,000	(371,500)
Proceeds from long-term borrowings	1,000,000	–
Repayments of long-term borrowings	(460,000)	(440,000)
Dividends paid	(319,684)	(320,741)
Repayments of lease liabilities	(52,377)	(54,027)
Net cash provided by (used in) financing activities	367,938	(1,186,269)
Effect of exchange rate change on cash and cash equivalents	(24,774)	84,916
Net increase (decrease) in cash and cash equivalents	841,852	599,236
Cash and cash equivalents at beginning of period	3,683,160	4,525,013
Cash and cash equivalents at end of period	4,525,013	5,124,250